But I am happy that the Finance Ministry with improvement in BOP position, will take a lenient view, and I feel that in the course of another 5 to 6 months, we will be able to overcome the difficulties and suffering faced by the employers and the employees.

SHRI G. Y. KRISHNAN: The Minister said that due to shortage of scrap, four steel plants have been closed. Are there any more applications for setting up mini-steel plants and in that case, how is the Ministry going to decide? Will it be on the basis of indigenously available scrap?

SHRI SONTOSH MOHAN DEV: There are different routes for the mini-steel plants to come up. One is through sponge iron. Others can come up through iron ore. I have also said in my answer last time that we expect in the course of another 3 to 4 years, 50 lakh tonnes of sponge iron to be available in the market because we have given necessary clearance. Apart from that, we have formed a study team which will give guidance about availability of iron ore, lime-stone and in other areas where the existing and the new mini-steel plants will come up.

श्री राम अवधेश सिंह : उपसभाध्यक्ष जी, मैं यह जानना चाहता हूं कि... **(व्यवधान)** मुझे आम तौर से उपसभाध्यक्ष के टाईम में बोलने का समय मिलता है, आपके टाईम में कभी-कभी मौका मिलता है। इसलिए मैंने उपसभाध्यक्ष कह दिया।

अध्यक्ष महोदय, मैं माननीय मंत्री जी से सीधा सवाल करना चाहता हूं... **(व्यवधान)**

श्री सभापति : सवाल कर लो। आपने अध्यक्ष महोदय में ही टाईम लगा दिया।

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Revision of Royalty on Minerals

*224. SHRI RAMDAS AGARWAL: Will the Minister of MINES be pleased to state:

(a) whether it is a fact that Government have recently received requests from the Rajasthan Government for expediting revision of royalty on major minerals which has already become due in 1990;

(b) whether Government have constituted a Study Group in this regard, what are the details of the recommendations made by the group;

(c) whether it is a fact that some State Governments have expressed their reservations on the recommendations made by the group, if so, what are the details in this regard; and

(d) what decision Government have taken on the recommendations of the Study Group?

THE MINISTER OF STATE OF THE MINISTRY OF MINES (SHRI BALRAM SINGH YADAV): (a) Yes, Sir.

(b) Revision in the rates of royalty on minerals other than coal lignite and sand for stowing and minor minerals was due in May, 1990. The Ministry of Mines constituted a Study Group in April, 1989 to consider the question and make appropriate recommendations to Government. The Study Group submitted its recommendations to the Ministry in April, 1990. The salient features of the recommendations of the Study Group are as under:

(i) On the basis of Pits Mouth Value (PMV) of various minerals

in 1989, the Study Group recommended upward revision in royalty rates in case of most of the minerals excluding those minerals where there was no appreciable increase in 8MV between 1985 to 1990.

(ii) Specific rate of royalty has been recommended for brown ilmenite (leucoxene) which was earlier in the residual list attracting a royalty of 10 per cent of PMV.

(iii) With a view to encourage beneficiation of low grade ores, the Study Group recommended to introduce new grades in respect of rock phosphate, kyanite and mica for fixation of royalty.

(iv) Royalty for different minerals was recommended on the basis of specific rates as was done previously.

(v) No increase in existing rates of dead rent has been recommended.

(c) Yes, Sir. The details are as follows:

(i) The Government of Bihar have asked for higher royalty for Uranium ore, somewhere between 2-3 times of the present rate of royalty.

(ii) The Government of Kerala have asked for higher royalty for ilmenite suggesting that the royalty should be 50 per cent of the difference between sale price and cost of production.

(iii) The Government of Haryana have asked for higher royalty on limestone.

(iv) Govt. of Rajasthan have asked for higher royalty on copper, lead, zinc ores and also limestone and rock phosphate.

(v) Some of the State Govts. like those of Madhya Pradesh, Orissa and Andhra Pradesh have made various demands relating to restoration of levies like cess etc., party between various States in the matter of levies other than royalty and increase in the rates of royalty so as 10 compensate the loss of cess etc. consequent upon orders of the Supreme Court of India and various High Courts striking down such levies.

(d) While the recommendations of the Study Group were under consideration the Supreme Court of India and various High Courts struck down as *ultra vires* of the Constitution some of the State Acts under which cess, minerals rights tax, land tax, and other such levies on minerals were imposed. The Supreme Court of India in case of M/s. Orissa Cement Ltd. *Vs.* State of Orissa and Others finally disposed of a number of appeals filed by either State Governments or other aggrieved parties in its judgement dated 4th April, 1991 holding all such levies to be beyond the competence of the State Legislatures. In view of this judgement of the Supreme Court it became necessary to re-examine the recommendations of the Study Group in the context of demands from various State Governments for compensating the loss of State revenue on account of non-levy of any cess, mineral rights tax, land tax, etc. Various State Governments were earlier levying several categories of imposts including cess, mineral rights tax etc. There was also large variation in the rates of such levies from State to State. Taking these factors into consideration and also factors like the PMV of 1990, the conditions in domestic and export markets, nature of end-use of a mineral in industry, the matter has been examined in the Ministry of Mines and a detailed proposal for revision of rates of royalty on various minerals is now under active consideration of the Government.